### 2014 NAB Show LPTV & the Spectrum Auctions

Information Session

April 7, 2014 Las Vegas, NV

### THE LPTV INDUSTRY NEEDS TO KNOW



WHAT ARE THE FCC'S PLANS FOR LPTV IN THE SPECTRUM AUCTION?



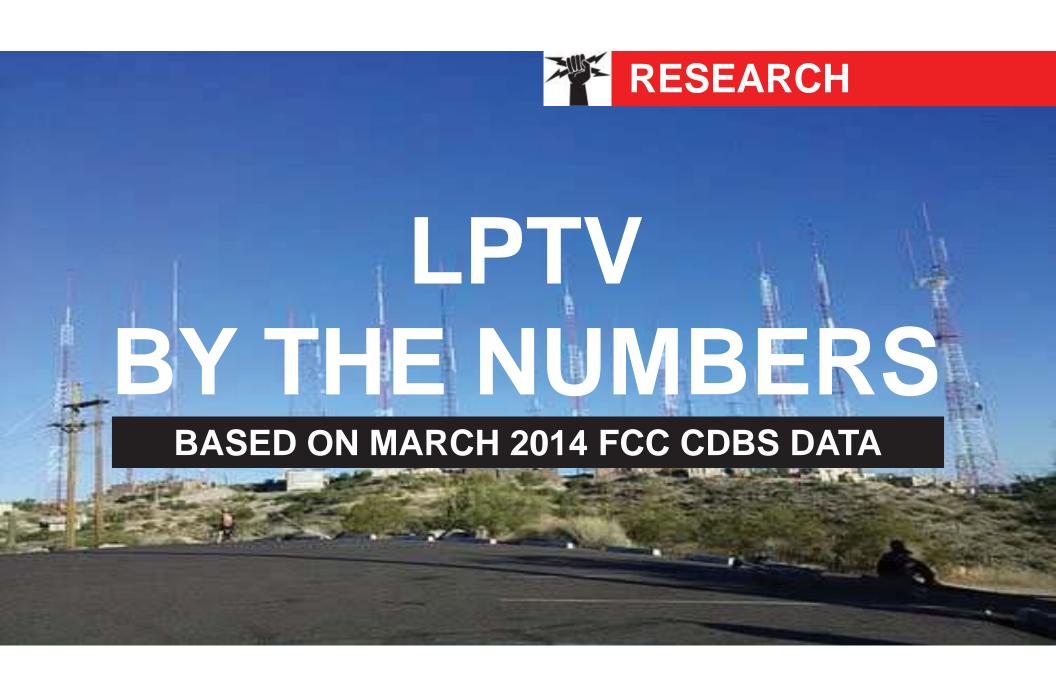


Protecting Your Spectrum Usage Rights

### We are...

# 100+ independent LPTV broadcasters >650 stations & CPs in 33 states, DC & PR

# Research Advocacy Lobbying





## 215 Class-A Digital Stations



### 712 Digital LPTV Stations



## 5035 Digital Translators



### 3620 Construction Permits



# 706 Pending Applications



## 1718 Total LPTV Licenses

RABBITEARS.INFO ESTIMATE

183+
Networks
Airing on LPTV

**COALITION ESTIMATE** 

# 2500+ Digital Channels Airing on LPTV



**COALITION ESTIMATE** 

### 14,400 – 28,960 CP Channels Potential



**COALITION ESTIMATE** 

## 10,000 LPTV 6-MHz Channels = 60,000 MHz



## The Spectrum Auction Act

### **FEB 2012**

### One Nundred Twelfth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the third day of January, two thousand and twelve

### An Act

To provide incentives for the creation of jobs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Middle Class" Tax Relief and Job Creation Act of 2012".

### Subtitle D—Spectrum Auction Authority

Sec. 6401. Deadlines for auction of certain spectrum.

Sec. 6402. General authority for incentive auctions.

Sec. 6403. Special requirements for incentive auction of broadcast TV spectrum.

Sec. 6404. Certain conditions on auction participation prohibited.

Sec. 6405. Extension of auction authority.

Sec. 6406. Unlicensed use in the 5 GHz band.

Sec. 6407. Guard bands and unlicensed use.

Sec. 6408. Study on receiver performance and spectrum efficiency.

Sec. 6409. Wireless facilities deployment.

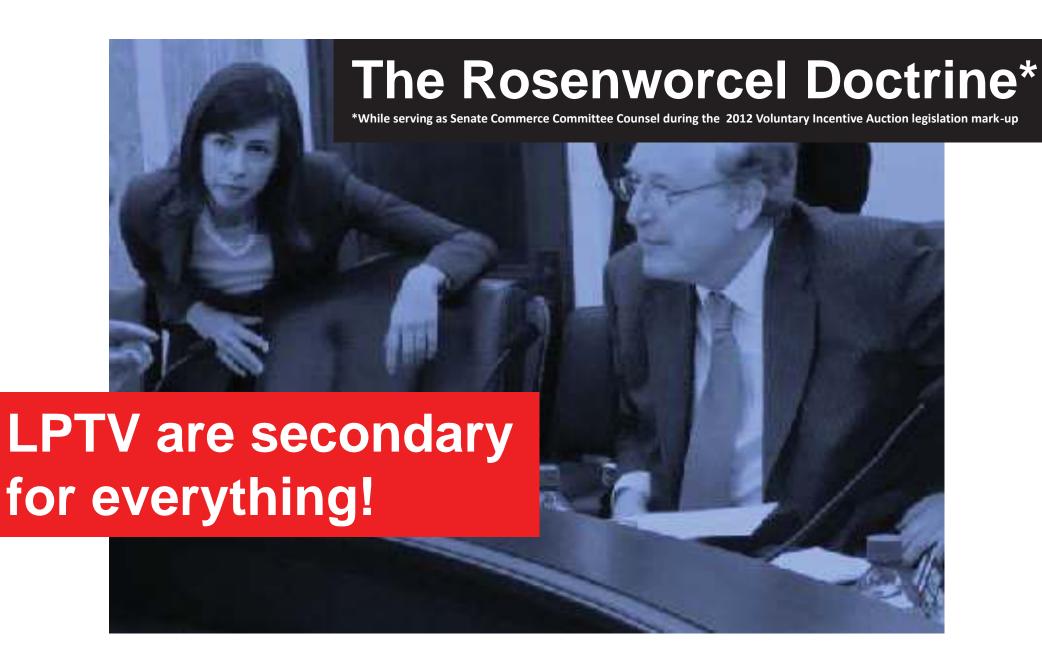
Sec. 6410. Functional responsibility of NTIA to ensure efficient use of spectrum.

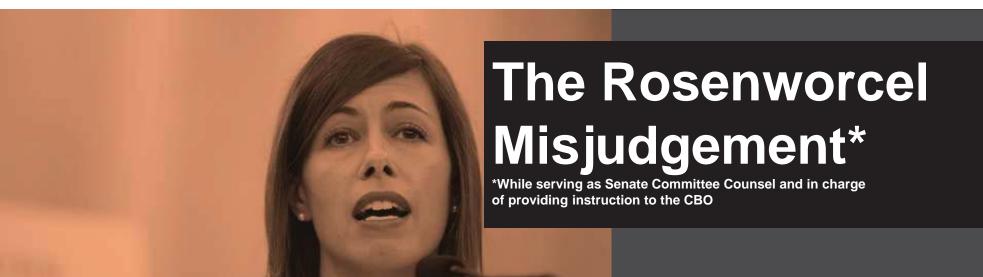
Sec. 6411. System certification.

Sec. 6412. Deployment of 11 GHz, 18 GHz, and 23 GHz microwave bands.

Sec. 6413. Public Safety Trust Fund.

Sec. 6414. Study on emergency communications by amateur radio and impediments to amateur radio communications.





The CBO should <u>not</u> consider LPTV in the scoring of SB.911 because they are secondary.

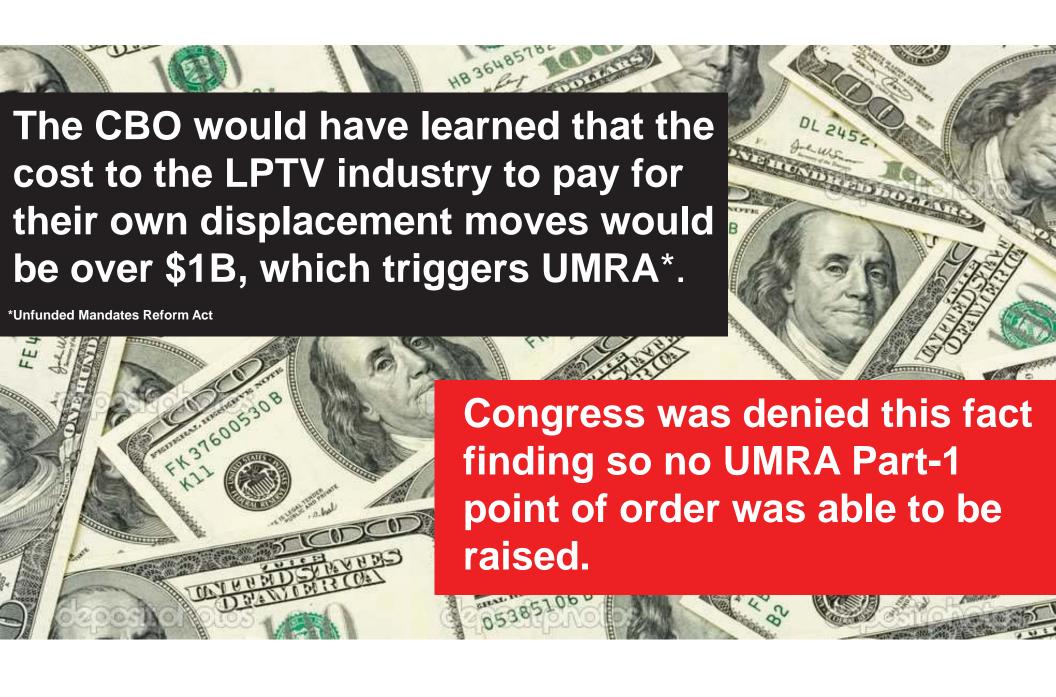


"Nothing in this subsection shall be construed to alter the spectrum usage rights of low-power television stations."

What if the CBO had been allowed to perform a cost estimate for SB.911 with LPTV as auction eligible?



The answer is easy to figure out, and was <u>purposely</u> not allowed to be studied by the CBO!

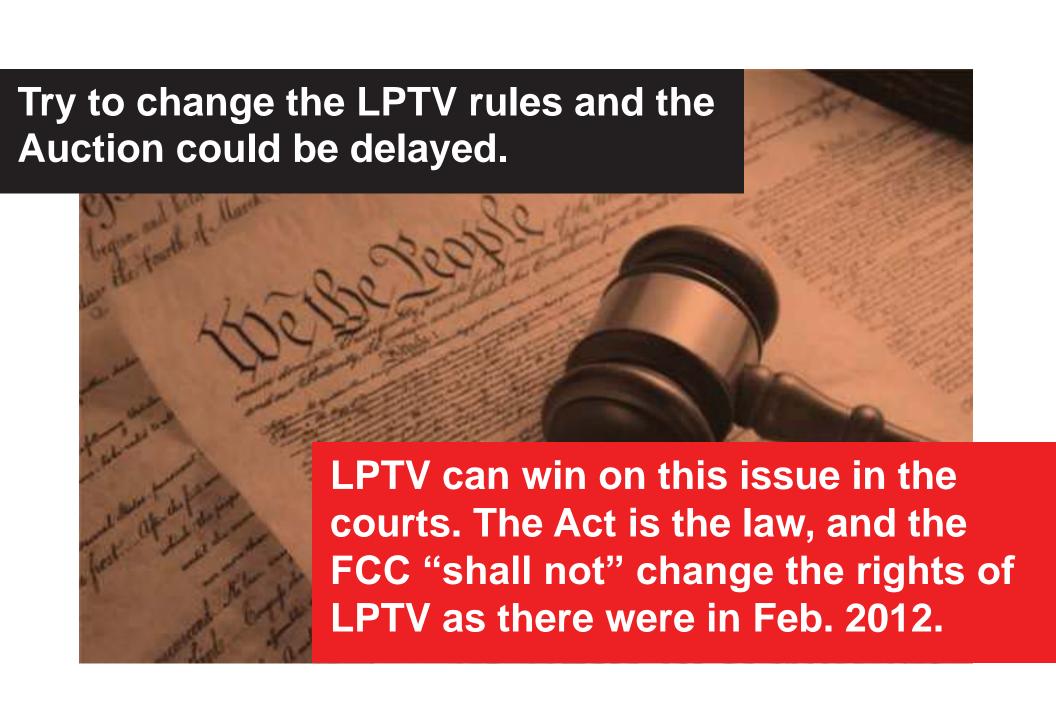




The CBO would have also have learned that with LPTV as auction eligible the Treasury could receive an additional \$5B-\$10B more than if LPTV were left out of the auction.

With LPTV in the auction the opening bids are far lower and when sold the arbitrage is much larger. Simple math.









- 1) Status Quo
- 2) LPTV Allowed in the Auction
- 3) A New Auction for LPTV
- 4) Expansion of the 1999 DDSA
- 5) Combinations of above



### 1) Status Quo

- Auction Happens Without LPTV
- LPTV Spectrum Usage Rights Lessen
- In Some Markets No Room For LPTV
- In Others LPTV Have To Move To VHF
- LPTV Forced To Channel Share
- \$100 Billion Unlicensed Economy Harmed



- 2) LPTV Allowed In The Auction
  - \$5-\$7 Billion More For Treasury
  - Spectrum Freed Up For Unlicensed Use
  - \$100 Billion Unlicensed Economy Helped



### 3) New Auction For LPTV

- \$25 Billion+ More For Treasury
- Spectrum Freed Up For Unlicensed Use
- \$100 Billion Unlicensed Economy Helped
- Will Have To Wait Until 2018+
- Severe Current LPTV Business Impacts



### 4) Expansion of the 1999 DDSA

- Huge LPTV License Valuation Increase
- Rapid New LPTV Innovation Cycle
- Huge Boost To Supporting Industry
- Support To The National Broadband Plan
- Significant Ancillary Fees



### 5) Combinations

- Status Quo & Flex-Use
- Status Quo & Eventual LPTV Auction
- Others...

### Federal Rules & Regulations Related To The LPTV/TX Industry

Communications Act of 1934

### COMMUNICATIONS ACT OF 1934

### Status Quo

Definitions

ntection. ion.

§ 74.707 — Low power TV and TV translator station protection

§ 74.708 — Class A TV and digital Class A TV station protein

§ 74.709 — Land mobile station protection.

§ 74.710 — Digital low power TV and TV translator station;

§ 74.731 — Purpose and permissible service.

§ 74.732 — Eligibility and licensing requirements.

§ 74.733 — UHF translator signal boosters.

§ 74.734 — Attended and unattended operation.

§ 74.735 — Power limitations.

§ 74.736 — Emissions and bandwidth.

§ 74.737 — Antenna location.

§ 14.131	Federal Communi	cation
§ 74.7 § 74.7	Befo	ore th
§ 74.7 § 74.7	Federal Commun Washingto	n, D.
§ 74.7	In the Matter of	)
§ 74.7	Amendment of Parts 73 and 74 of the Commission's Rules to Establish Rules for Digital Low Power Television, Television Translator, and Television Booster Stations and to Amend Rules for Digital Class A Television Stations	)
	-FCOND PFI	PORT

106TH CONGRESS 1ST SESSION

H. R. 486

[Report No. 106-384]

To amend the Communications Act of 1934 to require the Federal Communications Commission to preserve low-power television stations that provide community broadcasting, and for other purposes.

discrimination on the Dable Co

interstate and foreign communication by wire or

ives of the United States of America

### OVISIONS

I, CREATION OF FEDERAL

ommerce in communication by wire and e people of the United States, without origin, or sex, a rapid, efficient, Nation-

**Operate Under The Current Rules And Spectrum Usage Rights LPTV** Has And Were Affirmed In The **Governing LPTV Laws** 

SECOND REPORT AND ORDER

Released: July 15, 2011 Adopted: July 15, 2011

Before the Federal Communications Commission

### **The Auction NPRM**

### NOTICE OF PROPOSED RULEMAKING

Released: October 2, 2012

### Adopted: September 28, 2012

Comment Date: December 21, 2012 Reply Comment Date: February 19, 2013

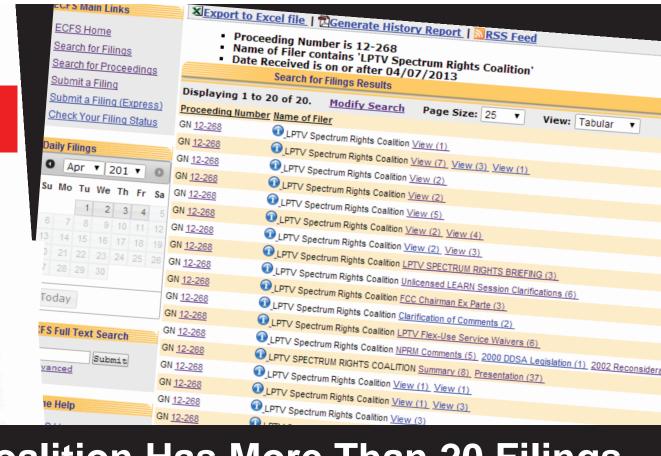
By the Commission: Chairman Genachowski and Commissioners McDowell, Clyburn, and Rosenworcel issuing separate statements. Commissioner Pai approving in part, concurring in part and issuing a statement.

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Assignment Procedures

Assignment Procedures in General. The second auction design element procedures used to decide which bids are accepted and which are rejected, thereby deter stations remain on the air—is significantly more complicated in this reverse auction than auction. We must solve a complex engineering problem by determining how stations the current spectrum usage rights are assigned channels ("repacked"), taking into account re options including channel sharing and moves from a UHF to a VHF channel, and consist requirements and other constraints. We consider engineering and other technical aspects process in section V below, but here we discuss briefly the repacking process as it relates



### Coalition Has More Than 20 Filings Which Cover Most All Aspects Of LPTV Impacts...including

### SPECTRUM INCENTIVE AUCTION UNHARMONIZED TIMELINES

2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

Current FCC process

NPRMs....Auction/Repack

All payments to be made within 3 yrs...



LPTV & TX Displacement Filings

LPTV
DTV CPs Deadline

These two dates do not match!

This is only 2 stations per 210 DMAIIIII

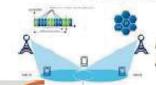
Harris estimates that there is a shortage of tower crews 14 crews x 5 wks/tower x 3 yrs. = 434 stations

ATSC 2.0. Specifications.....Implementation. ATSC 3.0. Specifications.....



...Implementation

Future TV standard, why not wait until it is ready????



Will this solve the spectrum crunch? NO!

When will "spectrum crunch" really happen?

CONFIDENTIAL

### Latest Filing

### SPECTRUM AUCTION TASK FORCE PROPOSED LPTV DISPLACEMENT & REPACKING SCHEDULE

as described in an March 11th, 2014 ex parte meeting with Task Force and Media Bureau Video Division

FEB 2012 SPECTRUM AUCTION	SEPT 2012 NPRM ISSUED	MAY/JUN 2014 REPORT & ORDER	SUMMER 2015 AUCTION BEGINS	FALL 2015 AUCTION CLOSES	JAN 2016 > WINNING BIDDER PAYMENTS DUE	JAN 2019 > RELOCATION FUNDING ENDS
ACT	IOGOLD	ISSUED	Assumes no	CLOCLO	> PRIMARY & CLASS-A	1 ONDING ENDO
PASSES		But there may be a rolling multi-	legal challenges AND		RELOCATION FUNDS AVAILABLE AND REPACKING STARTS	> LPTV REPACK BEGINS
		month approval process	Assumes Dems retain control of the Senate		> LPTV DISPLACEMENTS BEGIN BUT FILINGS NOT ALLOWED	0.27 %0.62%2.0

\_\_\_\_\_7 months \_\_\_\_\_21 months \_\_\_\_\_12 months \_\_\_\_\_3 months \_\_\_\_\_36 months \_\_\_\_\_\_>>>>>> **TOTAL 7 YEAR PROCESS** 

### TROUBLING EXAMPLES:

- An LPTV licensee within the new National Band Plan (32-50) is displaced in month 4 post-auction. The winning wireless bidder immediately wants access to the spectrum they have won and paid for. The LPTV
  - licensee has 60-days to cease auction to file for the new cha
- An LPTV licensee within the N process. The LPTV is notified months. The LPTV vacates th
- An LPTV licensee within the N process. It continues to broaprimary station wants their chan

Are you prepared to have to wait until month-40 post auction to file a

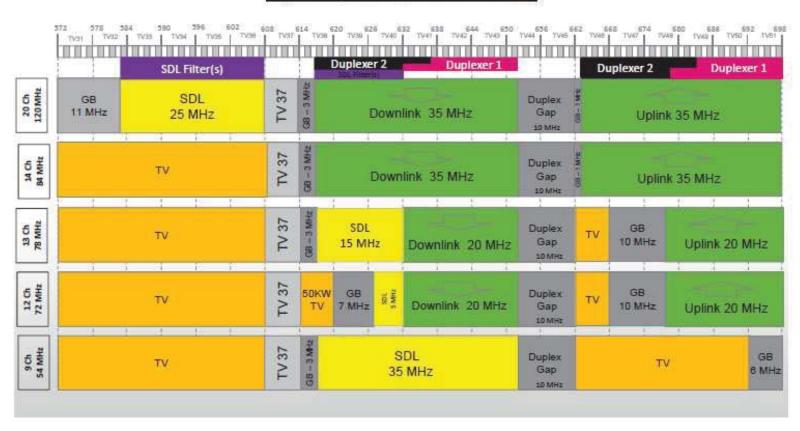
displacement application?

### There are many variations of a new National Band Plan

### Support for 35x35 MHz "Down from 51" Plan 35x35 MHz Plan Accommodates Variations



### T-Mobile / Verizon Joint Band Plan







### 200+ Programming Networks Utilize LPTV

### 2500+ LOCAL & DIVERSE CONTENT CHANNELS

Sample data from RabbitEars.info - July 2013

# OF NETWORKS	NETWORK CONTENT AND DEMO FOCUS	# OF DTV CHANNELS
43	HISPANIC	850
23	RELIGIOUS	550
33	ETHNIC	182
25	FAMILY/CLASSIC TV	260
13	GOVERNMENT	141
6	SHOPPING	120
5	MUSIC OR AUDIO	153
3	WEATHER	134
3	AFRICAN AMERICAN	100

### ...but what has happened in the last 5 years? The FCC does not know.

### A 2009 survey of LPTV stations conducted by the CBA (Community Broadcaster Association) discovered the following

- · 57% of LPTV stations have been on the air for more than 10 years
- · 20% of LPTV stations have at least 10 employees
- · 45% of LPTV stations are owned or partially owned by a minority.
  - 43% of these stations a minority owns at least 51% of the station
  - o 24% of LPTV owners are Hispanic
  - o 10% of LPTV owners are African American
  - o 3% of LPTV owners are Asian
  - o 3% of LPTV owners are Native American
  - 34% of LPTV owners are multi-racial
- 60% of LPTV stations are owned or partially owned by females.
- 66% of LPTV stations offer at least some foreign-language programming
- 78% of LPTV stations that offer foreign language programming air at least 10 hours weekly of foreign language programming.
- 83% of LPTV stations have local programming
- 49% of LPTV stations that have local programming air at least 10 hours of local programming each week.
  - 55% offer religious local programming
  - 38% offer family oriented local programming
  - 36% offer local sports programming
  - o 31% offer local news
  - 28% offer foreign-language local programming

### The FCC has not done any LPTV research...

So we are having to do it ourselves!

### IMPACT STUDY PLAN

Legal
Financing
Engineering
Insurance
Tower
Antenna
Transmission
Playout
Creative
Advertising
with Snail Mail
with Email
at Events

LPTV
INDUSTRY
VENDOR
SURVEY
SPI
AI
IMPA

SPECTRUM
AUCTION
IMPACT STUDY

LIPTV
LICENSEE
SURVEY

Indie Licensees
Groups
Translators
CPs
Apps
Form 323 data
Ownership
Diversity
Business Models
Impacts
with Snail Mail
with Email
at Events

NPRM QUESTIONS AND THEIR IMPACTS

Coordinate with the Auction Task Force

Use the LPTV NPRM questions as part of the Study outline DIVERSITY WOMEN SMALL BIZ IMPACTS

Coordinate with the FCC OCBO

Compare the 2009 CBA survey results with new survey and use the 2013 Biannial CONTENT NETWORK IMPACTS

Refer to MB Docket No. 12-203

Utilize the 15th Annual VIdeo Competition Report for latest data

### INNOVATION

Coordinate with FCC OET and OSP

Utilize the new flexible use research and pilot projects for data and examples

### NATIONAL BROADBAND PLAN IMPACTS

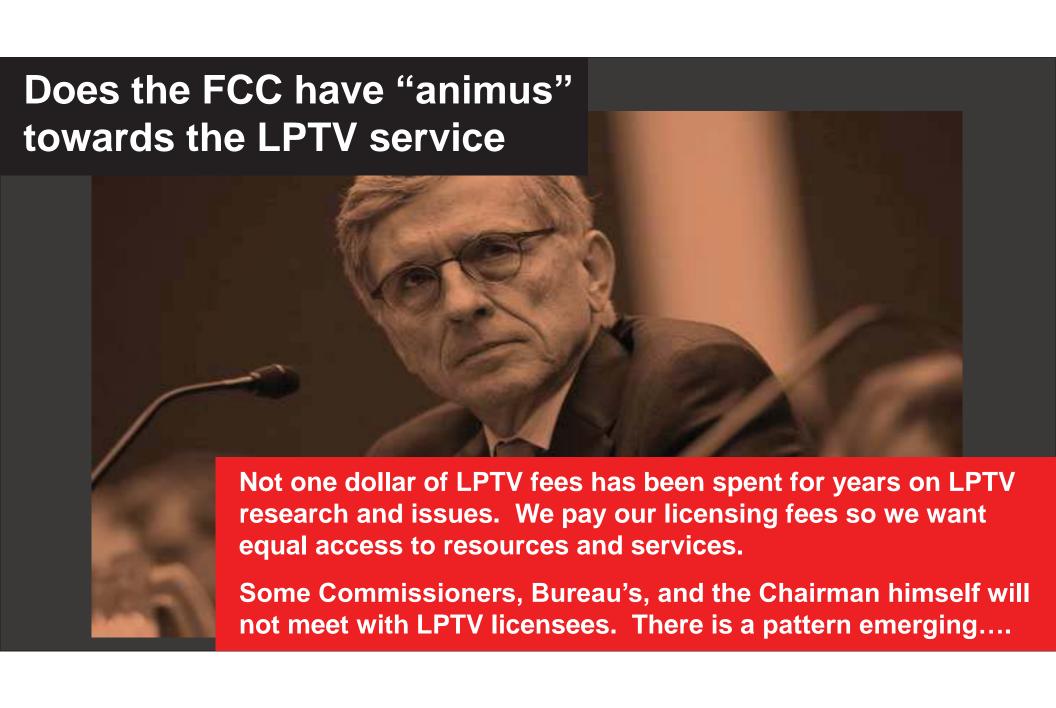
Map against the 60 key actions, proceedings, and initiatives

Use the National Broadband Plan objectives and goals as part of the Study outline

### LOCAL CIVIC & ED IMPACTS

Map against the Communications Act

Use the Civic Broadcasting Digital Divide as the basis for these impacts





## Your Right Of Displacement



### Your Right Of Extensions



## Your Right Of Modifications



# Your Right Of Interference Protection



# Your Right Of Service Waivers



### Your Right Of Innovation



## Key LPTV Neds



## Strict Adherence In The Report & Order To The Spectrum Auction Act



## Solution For The Construction Permit Crunch



## Eliminate Forced Double Building Of Facilities



# Immediate Post-Auction Displacement Applications



# May Stay On-Channel Until Wireless Bidders Build-Out



## No Displacement While Cross-Border Issues Remain



## No Forced Channel Sharing Arrangements



## LPTV Impact Statement In The Report & Order



# Explanation Of The FCC LPTV Auction Authority Stated Within The NPRM



### Congressional Ask For A CBO Study of LPTV As Auction-Eligible



# FCC To Ask Congress For A New Class-A Window



# Expansion To All LPTV Licensees Of The 1999 Digital Data Services Act



### **SOLUTIONS MATRIX**

**CONGRESS** 

**COURTS** 

FCC COMMISSIONERS FCC STAFF











### THE HARD QUESTIONS



Our Guest William T. Lake Chief, FCC Media Bureau



## Is There Really A Spectrum Crunch?



## Why Was LPTV Excluded From The Auction?



## Has The Definition Of Secondary Changed?



## Why Is The Process Taking So Long?



# Will The FCC Interpret The Act Or Strictly Adhere To It?



## Does The Legislation Specify The Clearing Of 120-MHz?



## Will Channels 50-38 Be Cleared No Matter What?



## What Will Make Channels 36-32 Have To Be Cleared?



## Will The FCC Go Back To Congress To Fix The Act?



## Why Are LPTV Not Being Paid For Relocating?



## Will Cross-Border Issues Slow Down Displacements?



### Will Any Group Get A Priority In The Repacking?



## What Is A Fair Mutual Displacement Process For LPTV?



## Will The Size Of The Guard Bands Adhere To The Act?



### Will The FCC Use Station Coverage Areas vs DMA For Translator Priorities?



## What Will Happen To The 180+ Networks Which Air On LPTV?



## Would The FCC Support The Expansion Of The 1999 DDSA?



## When Will 3<sup>rd</sup> CPs Be Acted On By The Commission?



## Can You Envision A Separate Auction For LPTV Someday?



### **Are LPTV Broadcasters?**



# Why Has LPTV Not Been Given A LEARN Session Yet?



#### AUDIENCE Q&A



Peter Tannenwald Communications Attorney Fletcher, Heald, Hedreth

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#### **Post-Event Notes**

By the next day the Coalition added an additional 203 stations and construction permits to its roster, as well as 7 national programming networks.



5 Key Recommendations About LPTV Were Made By FCC Media Bureau Chief Lake During The Session....(our "wins")



## A new separate NPRM will be issued for LPTV following the current one which will soon end.

We have been pushing for this so our filings are not swamped by the other industry groups and so we can get new issues into the Proceedings which we need addressed.



# The Sept. 2015 final analog to digital conversion date may be pushed back to harmonize with the auction process.

The Coalition has made this argument in numerous filings and meetings. It is one of the most important issues we face with more than 3000 outstanding A-D conversions and 2009 rural filing window CPs.



# The filing of displacement applications will take place 6 months post-auction instead of waiting 40 months.

This was a new battle we engaged in just a month a ago and we got a dramatic change in the FCC's position on it quickly. Current LPTV usage rights say we can file immediately so we are still fighting this one.



# The FCC will use the auction software *TV Study* and its feasibility checker to help assign new channels for LPTV post-auction.

The Coalition has been fighting for this since the savings to the LPTV industry by the FCC providing it for free would save LPTV a lot of money.



# There will <u>not</u> be any repacking priorities for LPTV stations such as women, ethnic, small biz, local, or faith.

The Coalition agrees with this but did suggest that civic and local news be given some sort of priority in the repack. But due to 1<sup>st</sup> Amendment issues, we totally agree with this approach. It also means a major network affiliate carried on LTPV does not jump the line vs. an indie station.



## The full power stations will only be able to carry with them the translators that are within its 51-dB contours.

NAB wants all translators, even ones 100 miles away or more from the transmitting station, to have a repack priority. The Coalition has been arguing against this. The Act specifically says the station contour is to be used. While this does not help our translator members, it keeps the strict adherence to the Act principle in place.



## LPTV channel-sharing will be voluntary and not forced on LPTV licensees.

The Coalition has been pushing for this a lot, but it will mean that LPTV licensees will have to work together to get this done. Otherwise there will be an auction for the remaining channel slots. The concept of an LPTV neighborhood was also brought up and could be a valuable tool in highly constrained markets.



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